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STRATEGY RESEARCH PROJECT

ACHIEVING EFFICIENCIES IN ARMY INSTALLATIONS

BY

RICHARD FLISS

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USAWC STRATEGY RESEARCH PROJECT

Achieving Efficiencies in Army Installations

by

Richard Fliss

Col. Richard M. Meinhart Project Advisor

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ABSTRACT

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Seventy-five percent of the Army is now based in the United States, and it is the job of the installations to support and facilitate the rapid deployment of this combat power. However, since 1989 the Army has been reduced by 469,000 soldiers and 151,000 civilians. While base closure efforts have been initiated to keep pace with Army force structure reductions, changes in the internal organizational structure of installations have predominantly occurred locally and sporadically. This paper examines the typical operations at an Army garrison, provides examples on how selected functions can be more effectively accomplished, discusses possible changes in garrison structure and staffing, and identifies policy changes that should be considered for added efficiencies and streamlining. Savings of \$1.5 billion, elimination of 6,200 civilian spaces, and the cut or redirection of 9,500 military positions can be achieved.

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ACHIEVING EFFICIENCIES IN ARMY INSTALLATIONS

America's National Military Strategy - Shape, Respond, Prepare Now - requires a power projection Army. Seventy-five percent of the Army is now based in the United States, and it is the job of the installations to support and facilitate the rapid deployment of this combat power. However, since 1989 the Army has been reduced by 469,000 soldiers and 151,000 civilians.² While a centralized Base Realignment And Closure (BRAC) effort has been initiated to keep pace with force structure reductions. complimentary changes in the internal organizational structure of installations have predominantly occurred locally and sporadically. Therefore, in order to reduce the share of the defense budget devoted to installation infrastructure, the Quadrennial Defense Review (QDR) report called for "reengineering or reinventing Department of Defense (DoD) support functions, e.g., streamlining, reorganizing, downsizing, consolidating, computerizing, and commercializing operations." My paper will examine the typical operations at an Army garrison, provide examples on how selected functions can be more effectively accomplished, discuss possible changes in basic garrison structure and staffing, and identify policy changes that should be considered for added efficiencies and streamlining. By implementing these changes throughout the Army, savings of \$1.5 billion can be realized, and 6,200 civilian spaces from the civilian base operations workforce can be eliminated. In addition, at least 9,500 military positions can either be redirected back to warfighting duties or cut to achieve the military end strength reductions required by the QDR.

TRADITIONAL GARRISON STRUCTURE

DoD officials indicate that billions of dollars a year can be saved by turning day-to-day base operations over to private contractors.⁴ In addition, more potential savings have been identified in the QDR report that recommends two additional rounds of base closings. In reality, experience has shown that these savings will materialize only after several years as old structures and processes are dismantled.⁵ In order to achieve savings now, what is needed is an in-depth review of installation operations to identify and implement fast payback efficiency prospects.

Most Army garrisons continue to have organizational structures similar to those of their Major Command (MACOM) or Headquarters Department of the Army (HQDA) stovepipes (e.g.: the Directorate of Resource Management (DRM) at garrison level resembles the DRM, G8 organization at the MACOM level). Much of this has occurred due to the types of funding "owned" and distributed from higher levels. This has led to the creation of duplicate functions and inefficiencies throughout garrison directorates and offices. A review of traditional garrison functions shows a need to determine better methods of doing business. I will propose examples for streamlining garrison operations that rest upon actual experience rather than upon theoretical opinions. The following areas will be discussed: lodging, property accountability, maintenance, automation and information management, education, subinstallations, and security.

The typical garrison has several lodging operations. These normally include: housing management and operations (family, unaccompanied personnel, and transient facilities) within the Directorate for Public Works (DPW); billeting and housekeeping responsibilities for assigned/attached units within Headquarters Command, barracks

and housekeeping support for Reserve Component (RC) and Reserve Officer Training Corps (ROTC) units within the Directorate for Reserve Components (DRC) or the Directorate for Plans, Training and Mobilization (DPTM); and guest housing within the Directorate for Community and Family Activities (DCFA). Many of the responsibilities associated with the operations (e.g., housekeeping, furnishing, assignments) can be directed from one organization. The key advantages of combining some or all of these functions include overhead reduction, and the creation of a true one stop shopping service to the customer for housing related matters. In addition, by consolidating as many of these operations under one activity, resources will more likely be spread to those areas needing a higher level of attention.

Another repetitive function that frequently occurs at installation level is property accountability. It is not uncommon to find separately managed property books within the Training Support Center (TSC) (normally a part of the DPTM) for training devices, within the Directorate Of Information Management (DOIM) for computer and telephone equipment, within the DCFA for appropriated fund equipment, and the DPW for housing and unaccompanied personnel furnishings. The consolidation of these property books where possible into the Directorate Of Logistics (DOL) installation property book operations will not only result in personnel savings in property operations. The tendency to maintain separate warehouses for different books will also disappear, resulting in reductions to the warehouse space needed as well as the number of warehouse operators and workers.

Maintenance operations are also areas where duplicative processes exist. A walk through the organizational maintenance shop of the DPW shows the same tools

and equipment are being used to repair DPWs vehicles and equipment as those being used in the DOL tactical vehicle maintenance shops. Consolidation of these operations will not only show some maintenance worker savings, but even higher equipment and shop space savings. Similar savings can frequently be found in furniture repair shops, where comparable repair operations can be frequently found in the DPW, DOL, and DCFA (nonappropriated fund operations) organizations.

A study of range operations shows the need for frequent repairs to targets and targeting systems. Yet an analysis of the DPTM and DOL organizations shows that both directorates are staffed to perform those repairs. This occurs because different job titles, such as maintenance leaders and target operators/repairers, are given to similar positions. In addition, carpenter positions are established in both directorates to keep abreast of needed target repairs. While on-site capabilities are frequently needed to maintain range operations, the establishment of one directorate for range equipment maintenance will result in better utilization of personnel and tools/equipment, as well as more effective stewardship of budget resources.

Due to the proliferation in automation over the past several years, a large amount of new systems has been provided to installations through functional channels. With the advent of these new systems, there has been a rise in the automation or automation support positions that have grown into specific directorates and activities. Positions such as the Standard Army Automated Contracting System Administrator in the Directorate Of Contracting (DOC) and the Integrated Facilities System (IFS) Administrator in the DPW are examples. Consolidation of these automation "like" positions from various installation activities into the DOIM would be more cost effective,

provide for a more reliable backup of specialists when needed, and ensure better professional development of all staff members. In addition, DOIM oversight of all automation operations is a must to insure all automation system purchases meet the specifications established for the automation and communications network throughout the installation.

At many Army posts, the process of education takes place for both military and civilians, but all too frequently in classrooms located at different areas of the installation. Examples may include schoolhouse training to military in various specialty skills in the DPTM, computer training in the DOIM, and civilian training in the Civilian Personnel Office (CPO) training center. The creation of a "Community Development Center" that consolidates all areas related to the education process will result in a one stop activity to better serve the installation needs. It also provides the opportunity to burdenshare such resources with the local community. In addition, as a result of the sizable reduction of our civilian workforce and the subsequent reduction of the education training workload, the costs to support separate training facilities can no longer be justified.

The Army uses a concept of "subinstallations/subcommunities" to enhance effectiveness or efficiency of operations. Organizations and functional responsibilities correspond to and should be extensions of the parent installation.⁶ Subinstallations may view themselves unique in that they provide a full set of services and are only subordinated as a vehicle of convenience for a MACOM to distribute resources and provide command and control.⁷ Therefore, they may argue that they should be fully staffed. Parent installations need to be keenly aware of this to avoid overstaffing of the

subpost. Areas where support can normally be provided from the parent include special staff such as the Staff Judge Advocate, Public Affairs, Equal Employment Opportunity Office, Safety, Internal Review and Audit Compliance, Inspector General; and Directorates such as the DRM, DOIM, and DOC.8

Other areas that may be reviewed for duplicative functions include the DOIM reference library and main post library functions; Audio Visual (AV) within the DOIM and TSC; and security responsibilities between the DOIM, DPTM, and Military Police. The bottom line is that base support funding and manpower levels are competing for limited resources. Installation commanders must redesign their management practices and support systems to achieve greater improvements in productivity and efficiency. As I have discussed, the fastest way to achieve this is through a in-depth review of current operations and functions. If needed savings are not achieved during this process, organizational change via revised organizational structures may be necessary and it is these alternate organizational structures that I will examine.

ALTERNATIVE GARRISON STRUCTURES

Defense experts say leaders must begin to embrace novel forms of organizations and new ways of doing business to preserve force capabilities and morale, while freeing funds to buy the types of weapons required for future wars. Army garrisons are businesses, and their survival demands fundamental and substantial operating transformations. This includes a shift from the independent, rigid, and slow economy of scale of today, to tightly linked flexible operations needed for the future. To do this we must break down the barriers between directorates and people, and make organizations and key business processes agile and reconfigurable.

The Army has developed the Army Performance Improvement Criteria (APIC) program that provides the road map to organizational transformation. Based upon the Malcolm Baldrige Award requirements, APIC provides a focused approach to continuously improve customer satisfaction, key business processes, organizational performance, and employee well-being. Many installations throughout the Army have used APIC or similar programs to reengineer their operations. The two installations discussed below, Fort Campbell and Fort Detrick, show how using similar processes have resulted in different structures that meet their needs and have resulted in significant savings/efficiencies.

Fort Campbell, Kentucky initiated a reengineering effort that led them to center on 3 key business drivers (core competencies) and 18 major business processes in developing a new garrison structure. Initial results from these reengineering efforts have resulted in a possible organizational model for consideration Armywide. Their new organization includes a Strategic Planning Office (includes installation, community, and automation planning and Total Army Quality), an Installation Business Office (combines DRM, Interservice Support, and Installation Management), and Special Staff Offices (DOC, PAO, IRAC, SJA, EEO/EO, and the Inspector General). Five business centers (formed from old directorates) have also been established; each with internal budgeting, personnel, and contracting capabilities. These centers include a Readiness Business Center (combines many DPTM and DOL functions), a Human Resources and Services Center (combines DCFA, MPD, CPO, library and museum operations, and basic skills testing), a Public Works Center, an Information Technology Center, and a Public Safety Center (includes fire, safety, environmental management, and law

enforcement services). Initial results from the reengineering effort include the following¹⁰:

- Flattened organizational structures
- Consolidated warehousing freeing 33 buildings (232K square feet)
- Consolidated supply functions
- Increased housing occupancy rate by over 6% earning an additional \$1.2M
- Improved facility maintenance cycle time by 65%
- Reduced cycle time for contracting by 32%
- Reduced overtime by reassigning excess personnel to higher workload areas

Fort Detrick, Maryland recently made significant changes to the garrison organizational structure with team-based organizations functionally aligned to key processes. They retained the typical Special Staff Offices but reduced their directorates down to 3 major organizations consisting of: Management Support, Installation Services, and Prevention, Protection and Community Activities. The Management Support Directorate provides services such as payroll, mobilization planning, personnel and operations security, training, budgeting, space management, manpower allocation, property control, cost analysis, quality programs, and support agreements. The Installation Services Directorate provides for facility maintenance, utilities, supply services, transportation and travel services, mail, food management, and property book operations. The Directorate for Prevention, Protection, and Community Activities provides for personnel support, family support, housing, community operations, police, fire, environmental and safety services. Results to date from this garrison restructuring include savings of \$338,000.¹¹.

The efficiencies and savings that have been achieved by the above organizational restructuring clearly show that the Army must study and implement, on an installation by installation basis, the appropriate garrison structure for the mission

assigned. Many of my proposals to eliminate duplicative organizational functions I proposed earlier in this paper were also identified and implemented at Fort Campbell and Fort Detrick. Yet each installation has its own strengths and weaknesses and must restructure itself accordingly. However, some general observations apply. The current push to perform commercial activities (CA) studies makes the consolidation of the DOC and DRM organizations impractical. Each has its own responsibilities in the CA process (the DOC provides contractors estimates while the DRM develops the Most Efficient Organization (MEO)) which must be kept separate. This consolidation was originally tried at Fort Campbell, but it was later reversed. In addition, the span of control resulting from the creation of the Human Resources and Services Directorate at Fort Campbell and the three major directorates at Fort Detrick appears guite extensive, and may need further evaluation. Finally, the constrained manpower environment at most installations, coupled with ongoing actions to regionalize CPO and DOC offices, makes the Fort Campbell action of establishing mini budget/CPO/DOC offices in each business center a very unlikely option for most Army posts. Yet these installations should be congratulated for implementing new organization structures that provide innovative approaches to managing installations. By doing so they have developed their most efficient organization which will help them compete and win any outsourcing competitions.

PRIVATIZATION AND OUTSOURCING

Privatization is the transfer or sale of government assets (such as electrical plants and power lines) to the private sector. The government continues to receive the transferred services without the need to maintain the assets. Privatization has been

shown to be an effective means to relieve the Army of the significant infrastructure costs to upgrade aging utilities and housing. Outsourcing, on the other hand, is the transfer of a function previously accomplished in-house (such as garbage collection) to an outside contractor if it is found to be cheaper after a lengthy comparative study. In FY 96, DoD revitalized the cost comparison (outsourcing) program. In my opinion, one problem that has plagued outsourcing is the increase in contractor billings after the inhouse government force has lost the cost competition and has been dismantled. This begs the question whether there is a better way to achieve efficiencies.

Since FY 83, the Army completed cost comparisons covering over 20,000 positions. Results showed that in-house work forces reduced over 4,000 positions (20 percent) through streamlining <u>before</u> competition. The total dollar savings averaged 29 percent from original pre-study costs. ¹² Excluding non appropriated fund dollars and civilians, Army installations currently receive \$8.5 billion from all appropriations and are authorized 52,000 civilians and 12,000 military to operate. ¹³ Therefore, if the same results of streamlining <u>before</u> competition were applied to the 32,000 unstudied positions (20,000 of the 52,000 positions or 38 percent have been studied already) and organizations, about 6,200 civilian positions (32,000 x 20%) could be saved. Assuming that about 38 percent of the installation resources have been studied already, the estimated dollar saving can be computed to be approximately \$1.5 billion ([\$8.5B x 62%] x 29%).

Commanders have a variety of lessons-learned, audit and inspection reports, management analysis studies, contracting studies from other garrisons, and benchmarking information that are readily available to them now, or easily obtainable,

to help them realize efficiencies and savings in the short term. While the privatization of housing and utilities makes sense due to high infrastructure costs, the real savings brought about by outsourcing studies is not the final result which can take several years to complete. Instead, the real savings are achieved in the change in traditional operations and the resultant new garrison structures that occur within in-house MEOs before cost comparisons are even started.

The argument to this concept is that the incentive to streamline to an agile MEO is lost when the competition with private industry is no longer a threat. Yet the leadership at Fort Campbell and Fort Detrick have streamlined their staffs without that threat. In addition, the use of outside consultants can be used to review MEOs and make recommendations for even further efficiencies. This was done at the 45th Communications Squadron, Patrick AFB. They hired a consultant to review their internally developed MEO and recommend changes. Albeit part of outsourcing competition, this effort resulted in the in-house effort being retained.¹⁴ Instead of pushing for lengthy CA studies, I believe the Army should direct installation commanders to develop their own MEOs, while providing them models of efficient organizations that have been developed elsewhere for consideration. The money currently spent by Army to send contractors to installations to do CA studies could be used to hire firms to do MEO reviews similar to what was done at Patrick AFB. This would enable the Army to retain the efficiency and flexibility of an in-house workforce, without worrying about outsourcing efforts and contractor cost increases in the outyears. This flexibility would be particularly valuable during contingency operations when up-front funding, demanded by outside contractors, normally is not available.

WORKYEAR CONSTRAINTS

In addition to the savings realized from the development of leaner and more efficient in-house organization and staffing structures, even more savings could be achieved if current policies were eliminated to permit garrisons to operate in more cost effective environments. In the 1980's, a program called Managing the Civilian Workforce to Budget (MCB) was implemented. One of the main concepts behind the MCB idea was to eliminate all artificial staffing constraints such as end strengths and workyear limitations. This permitted the commander to staff his installation in the most effective manner he could within his total budget limitation. For example, he could hire two lower graded employees to replace a high grade employee, or hire an employee to provide services to an outside activity having the dollars to pay for them. However, in the frenzy to control the number of employees on the defense payroll, civilian workyear constraints were established in fiscal year (FY) 1994 which changed the management philosophy of civilians.¹⁵ Specific guidance was provided which standardized the method for computing civilian workyear levels, and set workyear limitations (including both direct and reimbursable funded programs) that translated into significant civilian strength reductions. While it is clear that this policy was established to achieve efficiencies by limiting the number of DoD civilians and associated payroll costs, this policy has really put a damper on the ability of DoD installations to perform services at a cheaper cost than outside contractors. I will examine how this will have a severe impact upon concepts such as reimbursable employees, support agreements, and Joint Interservice Regional Support Groups (JIRSGs). I will also show how this policy will

cost the government additional dollars, and diminish the quality of life at our installations.

Both nonsupporting and supporting tenants are present at most Army installations. Nonsupporting tenants contribute to neither the primary mission nor specific support function of the installation. Supporting tenants are from another Major Command (MACOM) and provide a particular service to the installation. Current installation management policy says the status of the tenant does not relieve the installation or tenant of their responsibilities to provide services or share to the overall well-being and support of the entire community. Due to base closures, many new tenants (both DoD, federal, and nonfederal) have moved onto installations during the 1990s and have been willing to pay for the base operations support provided by installation. Under MCB, commanders were able to hire employees to provide these services to tenants at costs lower than those available on the outside. Exact numbers on the amount of reimbursable employees are not available. Yet, because of workyear constraints, DoD employees will now have to be terminated, and tenants will then be forced to seek services elsewhere. This will adversely impact the quality of life on the installation and increase the cost of operations of the tenant.

As consolidation and regionalization takes place, support agreements will take on greater importance. Such agreements are made with other Army, DoD, or with other governmental agencies. The basis for these agreements is to provide customers with access to services on a geographical basis. Army policy states that all installations have responsibilities for providing off post support. In fact, JIRSGs have been established in geographical regions to facilitate communication among DoD and other

Federal activities. They share ideas and opportunities to improve mission quality, efficiency, and effectiveness through the use of support agreements and other cooperative efforts.¹⁷ But the fruits of these efforts will be severely curtailed if workyear constraints are allowed to continue.

For example, Fort Dix, NJ has established small contracting cells at all but one Regional Support Command (RSC) under the U.S. Army Reserve Command (USARC). These cells are under the command, control, and organizational structure of the Fort Dix DOC, but the employees are physically located at the RSCs. Funding for these employees are provided to Fort Dix on a reimbursable basis from the RSCs in accordance with support agreements. On 1 October 1997, Fort Dix was transferred to USARC, and the reimbursements received from the RSCs are considered direct funds. This means that as USARC nears its workyear limits, either workyears will have to be pulled from somewhere else, or the support provided to the RSCs terminated. This again would force the unneeded termination of Army employees and force the customers to hunt for less efficient and effective support.

New directions in Army installation management indicate the focus of the future is to break the mold of the past. To do this we are asked to create installation environments that support tenants from a business perspective. Yet new workyear controls are in direct conflict with this guidance. If installations are to achieve a revolution in business affairs as expected by the QDR report, the strategic planners have got to provide installation commanders the flexibility to run their operations without constraining bureaucratic policies such as workyear constraints.

GARRISON STAFFING

In order to achieve the reductions in military strength cited in both the QDR and National Defense Panel, Army must also look deeper into garrison staffing. Army civilians have proven their capability to contribute significantly to readiness and mission accomplishment by providing continuity of operations and critical expertise not readily available within the uniformed military force. This expertise is in areas such as engineering, logistics, transportation, port operations, communications, computers, safety, and recreation. In addition, civilians hold the majority of positions in acquisition management, research and development, and base operations.²⁰ While this shows a heavy dependence on Army civilians, there are still over 9,500 CONUS installation positions still filled by military personnel.²¹ These positions can be found throughout the installation. In my opinion, the need to have these positions filled by soldiers should be closely questioned.

During the 1990's FORSCOM led an effort to civilianize many of its military positions particularly at its smaller non-divisional posts and sub-posts. This was an attempt to put the military back into Table of Organization and Equipment(TOE) units. At a few of the garrisons only 3 military authorizations remained, that of the installation commander, the IG, and the SJA. And, the backfill of civilians was only at a rate of about .7 or .8 for every military space lost.²² In spite of heavy resistance to the change, post leaders communicated with the workforce early in the process and allowed them to offer their input. These civilianized garrisons have learned how to operate differently, and operations have successfully adjusted.

The Army needs to take a closer look at these garrisons to see if their successes can be duplicated elsewhere. While there will be disconnects such as the MTOE organizations augmented by Table of Distribution and Allowances (TDA) positions in areas like military personnel and military police, the minor increases needed to severe deployable/non-deployable and MTOE/TDA connections would be more than offset by the reduced civilian backfill ratio. More importantly, significant portions of the 15,000 active Army force military space reductions required in the QDR could be sliced from the 9,500 CONUS installation positions discussed above.

A review of contingency operations at the installation also show promises in savings to the Army Reserve force structure. A concern about civilianization often arises in discussions over mobilizing for war, and whether our power projection platforms could operate without large scale military presence. The absence of military should not even be addressed as a concern. Mobilizations have customarily been directed by civilians, with military officers playing a relatively minor role.²³ The Army Reserve, however, has newly established Garrison Support Units (GSUs) to backfill installation base operation activities vacated by active Army units deployed to theater operations.²⁴ They have also reorganized port terminal units to enhance the ability to project power. In CONUS this appears to be a duplication of effort.

During the early to mid 1990s, Fort Dix was involved in just about every contingency operation. Although authorized only 3 military and 800 civilians, the garrison civilians ran the Emergency Operations Center, scheduled unit arrival times at the mobilization station, provided fund cites, and arranged for unit transportation prior to home station departure. Upon arrival at the mobilization station, civilians did the initial

unit and equipment readiness assessments, arranged for troop billeting and family needs, ran the Soldier Readiness Processing activities (only the medical processing station required military involvement), provided training on basic skills (special training was provided by Mobilization Assistance Teams), and sat on unit validation boards. When units departed, movements to the plane or ship, as well as load plans, bar coding, and preshipment maintenance and packing were accomplished by civilians. In addition, demobilization phases were again accomplished by the civilians.²⁵

Installation TDAs should be tailored to mission accomplishment. In the case of the 15 CONUS Power Projection Platforms (PPPs), this must include primary support for mobilization and demobilization of the forces. Civilians have proven their capability to do this. Given the reductions being made to the Army Reserve, it would appear that the GSUs and port terminal units in support of CONUS operations might be a target for these reductions. For if our PPPs can't do it alone, even if civilianized, then perhaps the wrong installation has been chosen for that mission.

CONCLUSION

With the increasing pressure of decreasing budgets, the Army has to get the most out of every dollar it is given. The Army either gets more efficient or becomes smaller. This same rationalization applies even more so to Army's installations. It is no secret that there is a search on to find more procurement dollars within total Army obligation authority to meet the demands for modernization in the next century. That search has already started in the operation and maintenance accounts which fund the majority of installation operations.

The fact that installations can contribute sizable amounts of dollars through more productive and efficient operations is not debatable. The question is how to achieve these goals in the fastest and best way. Too many leaders have jumped on the band wagon and taken the easy way out by calling for the outsourcing of installations without looking for the repercussions of these decisions. I have tried to show that by eliminating duplicate installation functions, adopting agile organizational designs, changing restrictive workyear policies, and utilizing the civilian workforce to its true potential will realize savings that are higher and faster achieved than those claimed by outsourcing advocates.

I propose that my recommendations to streamline garrison operations short of contracting out have the potential to save \$1.5 billion and 6,200 civilian spaces. By rescinding bureaucratic workyear policies, installations will be able to continue and even increase those operations that promote interservice agreements and associated dollar savings. And by civilianizing more installation operations, at least 9,500 military positions can be saved or redirected back to war fighting duties. The Army will be able to use freed active duty and reserve military positions where they are most needed, in the MTOE units that directly support our strategic objectives. (5,296)

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¹⁷Department of Defense, <u>Interservice and Intragovernmental</u> <u>Support</u>, DoD Instruction 4000.19 (Washington D.C.: U.S. Department of Defense, 9 August 1995), 2.

¹⁸The information contained in this paragraph is based upon the actual experiences of the author.

¹⁹FM 100-22, 2-9.

²⁰West and Reimer, 19.

²¹ACSIM, appendix A.

²²The rate of backfill is based upon actual experience of the author.

²³Ivars Gutmanis and John F. Starns, "Whatever Happened to Defense Industrial Preparedness?," <u>Joint Force Ouarterly</u> 16 (Summer 1997): 27.

²⁴West and Reimer, 18-19.

 $^{25}\mbox{The information contained in this paragraph is based upon the actual experiences of the author.$

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